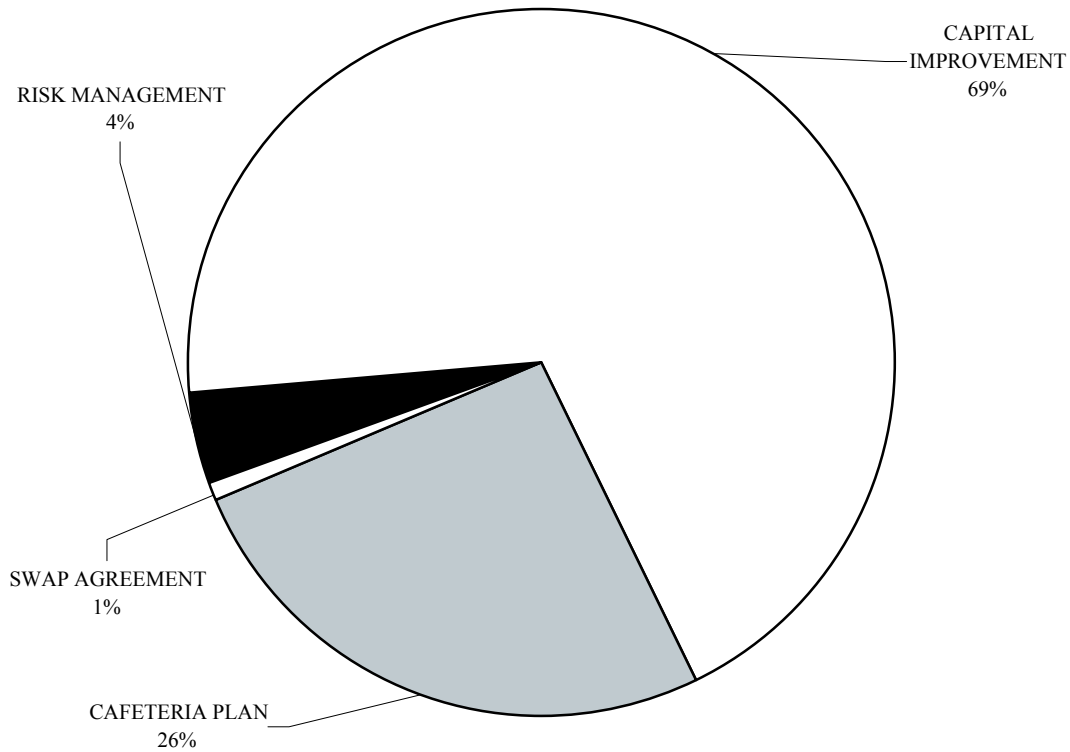


## Other General Funds Approved Budget



Fund	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
RISK MANAGEMENT	\$ 1,536,327	\$ 2,277,757	\$ 2,185,287	\$ 2,295,761	\$2,296,170
CAPITAL IMPROVEMENT	\$ 37,718,304	\$ 31,508,491	\$ 31,920,523	\$ 38,789,808	\$37,140,036
CAFETERIA PLAN	\$ 13,265,418	\$ 13,250,808	\$ 13,200,808	\$ 13,750,000	\$13,750,000
SWAP AGREEMENT	\$ 0	\$470,876	\$470,876	\$300,000	\$517,443
<b>Overall Result</b>	<b>\$ 52,520,049</b>	<b>\$ 47,507,932</b>	<b>\$ 47,777,494</b>	<b>\$ 55,135,569</b>	<b>\$53,703,649</b>

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# RISK MANAGEMENT FUND

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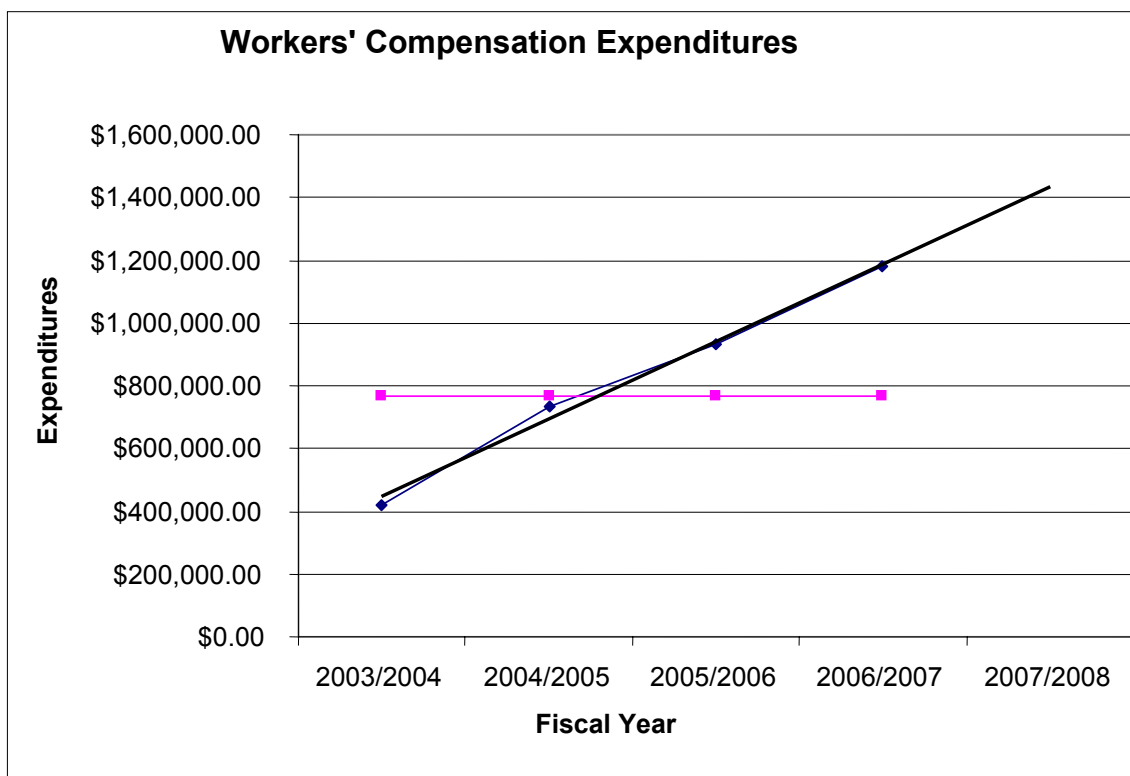
## PROGRAM DESCRIPTION

The risk management function is to assist in protecting the employees, resources, operations, and activities of Durham County from damage and/or loss for the least possible cost while still ensuring and maintaining the best interests of its employees and its citizens. This process is a coordinated and ongoing effort to identify, analyze, and control the risk of accidental loss in which the County is exposed, arrange appropriate funding mechanisms for covered losses, and to ensure that the financial integrity of the County is not impaired should significant loss occur.

The safety component provides for development, organization, coordination, and implementation of safety programs and safety education and includes work-site inspections, hazard reduction and/or elimination and accident/injury investigation, reporting and management.

## 2007-2008 PERFORMANCE MEASURES

**Performance Measure:** Workers' Compensation Program



### Story Behind the Last Two Years of Performance.

The number of injuries has not increased significantly, and in fact is projected to be less than last year. However, the seriousness of the injuries has increased and the cost of medical treatment has increased this year. Without additional intervention, the cost of worker's compensation is projected to continue to climb.

### Strategies: What do you propose to do to improve program performance?

- Explore pharmacy for Workers' Compensation

# Risk Management Fund

Fund: Risk Management

Functional Area: General Government

Fund: 1001020000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$140,173	\$146,415	\$149,015	\$152,199	\$152,210
Operating	\$1,396,154	\$2,131,342	\$2,036,272	\$2,143,562	\$2,143,960
<b>Total Expenditures</b>	<b>\$1,536,327</b>	<b>\$2,277,757</b>	<b>\$2,185,287</b>	<b>\$2,295,761</b>	<b>\$2,296,170</b>
▽ <i>Revenues</i>					
Investment Income	\$241,356	\$0	\$0	\$0	\$2,834
Service Charges	\$2,091,691	\$2,277,186	\$2,277,186	\$2,295,761	\$2,293,336
Other Revenues	\$5,535	\$0	\$5,341	\$0	\$0
<b>Total Revenues</b>	<b>\$2,338,581</b>	<b>\$2,277,186</b>	<b>\$2,282,527</b>	<b>\$2,295,761</b>	<b>\$2,296,170</b>
<b>Net Expenditures</b>	<b>(\$802,254)</b>	<b>\$571</b>	<b>(\$97,240)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	2.00	2.00	2.00	2.00	2.00

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# SWAP FUND

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## PROGRAM DESCRIPTION

On July 30, 2004, the County entered into a floating or basis swap on \$125,810,000 of its outstanding fixed-rate Bonds. The notional amount of the swap agreement is equal to the par value of selected bonds. The Swap Agreements provides for the County to make payments to the counterparty based on the taxable-equivalent Bond Market Association (BMA) index and for the Counterparty to make reciprocal payments based on a floating rate priced at six-month LIBOR plus a net amount of .952%. The agreement matures March 1, 2023. The balance in this fund is the reflection of the above mentioned agreement which calls for net payments to be made on March 15 and September 15 of each year. Payments are accrued on a monthly basis and paid every six months.

The Board of County Commissioners has established a policy that requires that 50% of the savings be placed in a restricted account and the balance available to support unrestricted needs. The total funds received in the fund to date are \$1,703,707. Of these funds \$851,854 is restricted; \$634,410 has been budgeted in prior years leaving a balance of \$217,443 available from previous years to be budgeted. The County will get two payments in FY 2007-2008 (September 2007 and March 2008), and a conservative estimate is that the County will receive at least \$300,000 during FY 2007-2008. Of the total already received and available, plus another \$300,000 available in FY 2007-2008, brings the total budgeted amount for FY 2007-2008 to \$517,443

These budgeted funds will be transferred to the Debt Service Fund to support debt service payments on the loans that earned this revenue.

# SWAP Fund

Fund: SWAP

Functional Area: General Government

Fund: 1001030000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$0	\$470,876	\$470,876	\$300,000	\$517,443
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$470,876</b>	<b>\$470,876</b>	<b>\$300,000</b>	<b>\$517,443</b>
▽ <i>Revenues</i>					
Investment Income	\$7,490	\$0	\$5,049	\$0	\$0
Other Revenues	\$541,750	\$470,876	\$470,876	\$300,000	\$517,443
<b>Total Revenues</b>	<b>\$549,240</b>	<b>\$470,876</b>	<b>\$475,925</b>	<b>\$300,000</b>	<b>\$517,443</b>
<i>Net Expenditures</i>	<i>(\$549,240)</i>	<i>\$0</i>	<i>(\$5,049)</i>	<i>\$0</i>	<i>\$0</i>
FTEs	0.00	0.00	0.00	0.00	0.00

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# CAPITAL FINANCING

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## PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the debt service cost center, the Durham County Board of Commissioners established a capital financing plan for the purpose of funding all major capital projects undertaken by the County. Revenues dedicated to the capital financing plan by the Board of Commissioners are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds, these monies will be spent to retire debt associated with certificates of participation, as well as to fund pay-as-you-go (County contribution) projects. Effective July 1, 1990, up to twenty (20%) percent of the fund's proceeds (computation limited to the first five cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 15.48% for FY 2007-2008, in an effort to fund capital facility improvements. The long-range capital financing plan and related policies are below.

Dedicated Revenue	2007-2008
Property Taxes (5.39 cents)	\$12,072,781
½ Cents Sales Taxes	\$18,190,795
Hotel Occupancy Taxes	\$2,325,882
Interest Earnings	\$99,998
Misc. Rev. (American Tobacco)	\$407,730
FY07 Civic Center Appropriation (GF)	\$245,000
Fund Balance	\$3,797,850
<b>Total Resources</b>	<b>\$37,140,036</b>

Proposed Expenditures	2007-2008
Transfer to Debt Service	\$32,779,310
Transfer to General Fund	\$837,000
County Contribution*	\$3,523,726
<b>Total Expenditures</b>	<b>\$37,140,036</b>

*\*Projects funded with County Contribution*

Boardroom Technology Upgrade:	\$650,000
Judicial Building Renovations:	\$471,600
Animal Control Facility:	\$677,126
Open Space Land Acquisition:	\$550,000
DTCC – Northern Durham Exp.:	\$580,000
Main Library Renovations:	\$300,000
New Hope Creek Preserve:	\$50,000
Civic Center:	\$245,000

For FY 2007-2008, the portion of the countywide tax rate dedicated to the Capital Financing Plan is 5.39 cents, a decrease of 0.15 cents from 5.54 cents in FY 2006-07.

In FY 2006-07 monies for the Civic Center were appropriated in the General Fund for capital expenditures and not spent; therefore, these funds will be reallocated in FY 2007-08 to a Civic Center related capital project. The transfer to the General Fund is related to an increase in capital outlay (\$837,000) for Durham Public Schools that occurred as part of the FY 2006-07 budget. This offset (transfer) of capital needs related revenue will help Durham Public School cover a growing number of yearly capital repair issues such as replacement coolers, new roofs, building repairs, etc.

It is important to note that the Capital Financing Plan is a subset of the General Fund and provides a mechanism of transfer to the Debt Service Fund. A graphical representation of the Capital Financing Plan is included in this section. For more information on bonded capital projects, debt service, debt limits, and principal and interest payments, refer to the Debt Service tab of this book.

# Capital Financing Plan

Fund: Capital Financing Plan

Functional Area: General Government

Fund: 1001250000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$37,718,304	\$31,508,491	\$31,920,523	\$38,789,808	\$37,140,036
<b>Total Expenditures</b>	<b>\$37,718,304</b>	<b>\$31,508,491</b>	<b>\$31,920,523</b>	<b>\$38,789,808</b>	<b>\$37,140,036</b>
▽ <i>Revenues</i>					
Taxes	\$39,255,392	\$29,230,536	\$12,224,611	\$16,690,224	\$12,072,781
Investment Income	\$280,326	\$30,000	\$150,000	\$99,998	\$99,998
Rental Income	\$419,308	\$415,555	\$415,555	\$407,730	\$407,730
Other Revenues	\$13,732	\$0	\$0	\$0	\$0
Other Fin. Sources	\$0	\$1,832,400	\$19,643,884	\$21,591,856	\$24,559,527
<b>Total Revenues</b>	<b>\$39,968,758</b>	<b>\$31,508,491</b>	<b>\$32,434,050</b>	<b>\$38,789,808</b>	<b>\$37,140,036</b>
<b>Net Expenditures</b>	<b>(\$2,250,454)</b>	<b>\$0</b>	<b>(\$513,527)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	0.00	0.00	0.00	0.00	0.00

## **DURHAM COUNTY POLICY ON FINANCING CAPITAL PROJECTS**

Durham County recognizes the goal of the capital financing policy is to provide for the adequate funding of the county's capital program while avoiding erratic increases and decreases in the county's property tax rate. Thus, a capital financing plan for the payment of debt related to projects financed by long-term borrowing shall be updated annually.

The County currently dedicates the following revenues to the payment of debt and pay-as-you-go (County contribution) capital projects:

Article 40 and Article 42 one-half cent sales taxes;  
The County's share of the occupancy tax;  
Countywide property taxes.

The County reserves up to twenty percent (20%) of these annually dedicated revenues for pay-as-you-go projects. In addition, the pay-as-you-go policy restricts dedicated property tax revenue to 20% of a maximum of five cents (or 1 cent) in countywide property taxes. The portion of annual revenues reserved for pay-as-you-go is increased to 15.48% for the FY 2007-08 approved budget.

Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

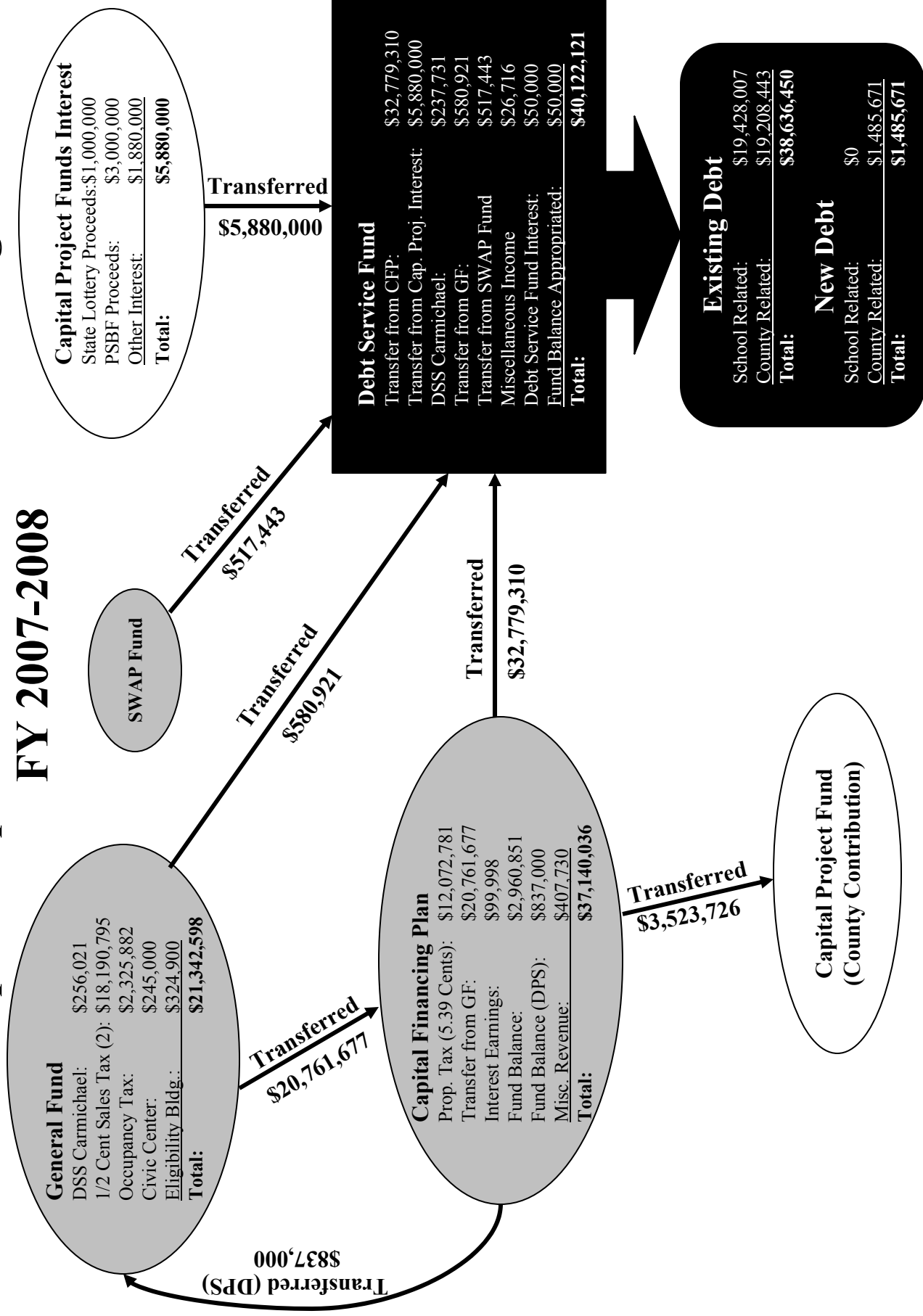
Excess funds, if available, within the debt service fund may be used to provide advance funding for capital projects pending bond sale or loans to the equipment-leasing fund. Such advances or loans would be repaid with interest based on the monthly yield of the North Carolina Cash Management Trust short-term investment fund.

This policy applies to the governing board and administration of the County and may be revised from time to time by the governing board, as it deems appropriate to meet the changing needs of the County for capital financing.



# Capital Improvement Plan Debt Funding

## FY 2007-2008



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# CAFETERIA PLAN

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## PROGRAM DESCRIPTION

This fund, established in FY 1995-96, represents the budget for operating the “cafeteria” employee benefits plan. Previously, cafeteria plan activities had been recorded in the General Fund making it difficult to isolate costs and effectively manage the plan. All revenues and expenditures will be recorded in this fund. This includes:

- Departmental charges
- Employee contributions
- County contributions
- Expenditures (claim and premium payments to various vendors)
- Administrative costs charged by vendors
- Retiree benefits
- Hospital Gap coverage

The result of operations will be captured in the end of year fund balance.

Each benefit option within the cafeteria plan will be budgeted and tracked separately through a funds center code. Such information will allow for an analysis of options and competitive pricing where appropriate.

For fiscal year 2007-2008 the appropriations include an estimated \$10.9 million in employer contributions for benefits; \$2.8 million in employee contributions for benefits; retiree insurance at \$1.17 million; hospital gap coverage costs at an estimated \$200,000 and \$50,000 in administrative costs.

# Cafeteria Plan

Fund: Cafeteria Plan

Functional Area: General Government

Fund: 1001500000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$436,913	\$0	\$0	\$0	\$0
Operating	\$12,828,505	\$13,250,808	\$13,200,808	\$13,750,000	\$13,750,000
<b>Total Expenditures</b>	<b>\$13,265,418</b>	<b>\$13,250,808</b>	<b>\$13,200,808</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>
▽ <i>Revenues</i>					
Investment Income	\$11,685	\$0	\$0	\$0	\$0
Other Revenues	\$11,807,178	\$11,934,175	\$11,926,691	\$12,325,277	\$12,325,277
Other Fin. Sources	\$1,178,000	\$1,316,633	\$1,316,633	\$1,424,723	\$1,424,723
<b>Total Revenues</b>	<b>\$12,996,863</b>	<b>\$13,250,808</b>	<b>\$13,243,324</b>	<b>\$13,750,000</b>	<b>\$13,750,000</b>
<i>Net Expenditures</i>	<i>\$268,555</i>	<i>\$0</i>	<i>(\$42,516)</i>	<i>\$0</i>	<i>\$0</i>
FTEs	0.00	0.00	0.00	0.00	0.00

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